

Labour Relations & Social Dialogue in the Trade Sector

Athens, 3 October 2012

Conclusions

Current State of Affairs

Over the last three years, the country is found in the vortex of an economic and social crisis with no historical precedent. The product of the two Memorandums, as a result of the financial support from the Troika (IMF, ECB, EC) is extremely strict supervision of the economy and banking system and overwhelming austerity (reduced salaries, pensions and social benefits) and cuts in public and social expenditures.

The “internal devaluation” that is being implemented is proving wrong as 2.5 years later the programme targets are not met and Greece remains in deep recession and in conditions of financial and social crash. It is a policy mainly focused on increasing the tax burden for employees and retirees, reducing salaries, pensions and social benefits, public and social spending cuts and not on fighting the extensive tax and social contribution evasion.

According to the 2012 annual report of the General Confederation of Greek Workers Labour Institute, the cumulative cuts in pensions and salaries over the last 2.5 years, amount to 16.2 billion Euro (8% of GNP) without reducing unemployment (already for 2012 it is calculated at 24% - 1,200,000 persons - while the real unemployment stands at 30%), the sovereign debt is increasing and the recession is extended alarmingly . In this context, the purchasing power of employees and self-employed persons is reduced by 23%. This means that 19 billion Euro is lost while under the new measures the cumulative loss of disposable revenue will reach 33 billion (19 bil. + 14 bil. under the new measures).

Concurrently, almost all labour benefits are eliminated - benefits employees have gained all through the 20th century. Institutionalized among others is the potential unilateral imposition of part-time employment or work rotation, facilitation of work time arrangements, extension and easy renewal of fixed-term and temporary employment time and easier temping conditions, increase of trial employment to 1 year, facilitation of lay-offs and significant reduction of the compensation amount

employees are entitled to when laid-off. More important however are the interventions on the laws governing collective negotiations aimed at the divestiture of collective employment agreements (at a sector level mainly) in order to facilitate shaping of employee salaries either through personal agreements or collective business agreements at best. In this context, the mandatory application of industry-wide agreements is abolished while at the same time the right of unions to seek Arbitration is also abolished. Lastly, Greece is the only EU state where the National Collective Employment Agreement setting the national minimum wage, is eradicated. At the same time, the explosive increase of unemployment also deprives revenues from the social insurance system, which is gradually coming into a dire financial state which leads to a standard of living for retirees that is alarming in terms of social cohesion.

The consequences of these policies are also disastrous to the Trade sector and the thousands of persons the sector employs.

Up until 2008, Trade (and Tourism as well) were the largest private sector employers and despite the significant drop in activities, provided work to 850,000 employees in total, of which 60% approximately are salaried, representing 18% of GDP. At the same time, Trade constitutes an employment entry point for young people and women.

More than 100,000 jobs have been lost from 2009 to present. In 2011 alone, the employed have been reduced by 11.16% compared to 2010. And during the third quarter of 2012, the sector employs 723,400 persons, a number that comes close to the 2002 employment rate.

As manifested by the General Confederation of Greek Workers Labour Institute database, during the period 2008-2012, employment decreased by 789,400 people across the entire country, of which 153,200 were employed in the Trade sector {57,800 salaried (10%) and 95,500 employers, self-employed and unpaid family workers (44,7%)}. An interesting observation in this case is the predominantly novel consolidation of businesses with a reduction in salaries, employment and almost complete lack of investment in new technologies.

At the same time, the sector is plagued by massive closing down of businesses. Indicatively, 65,000 shops closed down in 2011 and 63,000 in 2012. These close-downs are not distributed according to the type of business objective. Thus, serious restructuring is noted in the retail sector where many small businesses are closing down (approximately 1/3 of the total businesses). These close-downs have social and class characteristics; for example, there are less close-downs in high income areas than in low or middle income areas.

In this context, the social dialogue, that officially started (by law) in 1990 between the General Confederation of Greek Workers (GSEE), the Hellenic Federation of Industries (SEV), the National Confederation of Hellenic Commerce (ESEE) and the General Confederation of Professionals, Craftsmen and Merchants (GSEVEE) with their participation in the negotiations and signing of the National General Collective Employment Agreement, and in other structures (the Hellenic Textile Industry Federation (OKE), the Organisation for Mediation and Arbitration (OMED), the Hellenic Occupational Health and Safety Institute (ELINYAE)) and others), constituting a necessary convention in the effort to arrest implementation of the internal devaluation policy. And despite the interventions on the law governing free collective negotiations and divestiture of Collective Employment Agreements (which essentially lead to the termination of the National Trade Collective Employment Agreement), the Hellenic Federation of Private Sector Employees - representing all employees in the sector - and two of the top three national employers organizations - the National Confederation of Hellenic Commerce and the National Confederation of Professionals, Craftsmen and Merchants - together with the largest supermarket chains, signed the New Sectoral Collective Agreement on 31/7/2012. Being aware that uncontrolled reduction of salaries and wages through private agreements is destructive not only for employment but for the commerce and demand in general, the social representatives define through the Collective Employment Agreement the base salaries/wages of employees to the level of 2009 while safeguarding all their labour rights at the same time. Besides, as the economic and financial crisis affects the very small and small businesses more, diversification is noted as to the tendency of small businesses towards dialogue and convergence with employees, which is manifested by their active participation in strikes called by the unions of employees and by their willingness to sign the sectoral agreement.

Moving towards the opposite direction, the Hellenic Retail Business Association (HRBA) which represents large commercial chains and department stores, proceeds to terminate the Collective Employment Agreement as it was in effect until recently, before its expiration on the grounds of the collapse of large businesses and refuses participation in the social dialogue and signing of a new agreement, reasoning that during this period the problems of businesses are different for each one and therefore cannot be placed under the same "umbrella", which in their opinion is in essence not practically feasible. In practice, this means that employers, members of the Association are free to lower salaries by 10% to 30% accordingly.

With respect to the Social Dialogue in the Trade sector and apart from the new sectoral Collective Employment Agreement, the issue of the operating hours of stores holds a special position. According to the National Agreement on the Operating Hours of Stores, which was ratified by Joint Ministerial Decision number 1162/1997, stores are not allowed to operate on Sundays and on Holidays. The closing hour for stores was set at 8pm on winter week days and 9pm on summer week days and at 6pm on Saturdays.

This agreement is upset as Government interventions attempt to change the shop operating hours in touristic areas, which leads to a strategic alliance between employers and unions against the liberalization of shop operating hours and elimination of closing rule for Sundays and Holidays.

The Future and Outlook for the Sector

Conceptually and in reality, commercial activities are part of the production process. This means that the added value of a product, in terms of political economy, is created inside the walls, meaning within the business production process, but is however realized when it is placed in the market. Thus, the financial terms of production are implemented and distributed (salaries, profit, amortization, etc.) to factors of production through this procedure.

Trade therefore is undoubtedly at the forefront of the production activity. And therefore, inter alia, it feels and understands before anyone else the changes and developments in the economy and in the labour market as well as those that will take place in the future.

In this context, it is the sector that experiences instantly the consequences of an economic crisis as the one we are in today. It is not incidental that in the member states of the European Union, whether they are in the north or in the south, restructuring, underperformance of businesses, lay-offs and invalidation of labour and social insurance rights are recorded both in the commercial and production activities.

The new tendencies noted currently in Greece, in the midst of the crisis with respect to consumer behaviour, meaning the return to the small shops (city) – and also the return of the sale on credit (on tab) - which is the result of decreased salaries and inability to consume and also the lack of competition, where the state does not seem to have systematic policies in place to create and safeguard the terms of competition, constitute among others two of the most important elements of the market conditions. At the same time, there is an increase of online purchases recorded, at lower prices in most cases, which raises a series of questions as to how much this affects employment relations in commerce and the discussion on shop operating hours or the degree of influence this has on small and large businesses and on the competition among them.

One of the suggested parameters for rationalization and finding solutions in the sector is the degree of self-criticism by the businesses themselves and their potential share of responsibility as to specific options.

Moreover, their support in order to survive the crisis by organizations which represent them (for example through seminars, creation of pricelists, information on activities to avoid because they are saturated, etc.). And also the rate of applicability of Collective Employment Agreements, a typical example of which is the signing of such an agreement in the Tourism sector which stipulates a 15% reduction of salaries maintaining at the same time all rights of employees.

One of the measures suggested is the reduction of insurance contributions while another is fighting undeclared employment through, for example, deposit of earnings at a bank account.

Furthermore, the adoption of a collective mentality for the promotion of clusters in commerce, in order to attain better terms and lower prices.

Perhaps, the most important result of European programmes such as the *“Labour Relations in the Trade Sector: analysis of the models and the organizational tools developed by social representatives in order to ensure more opportunities for*

employees and businesses" is the substantial discussion, the social dialogue that leads to diversification of approaches and compounding of views. Some suggest that this discussion can initially define the structural element by which the markets exist and maintain for employees and entrepreneurs or for the consumers? And surely it must focus on resolving issues such as the inexistent competition in Greece, turning the blind eye, as for example shops being open on Sundays for many years in the so-called touristic areas, etc. Naturally, any discussion on the liberalisation of shop operating hours must and should include control of the statutory terms, conditions and rules.

There is no doubt that trade is part of our life. It is an activity that takes place daily, in various forms and produces results.

The key questions in the current phase are the direction towards which commercial entrepreneurship is heading on the one hand and the manner by which it does so, on the other.

Some warn that the current model does not work anymore, however the new model to take its place has not been found yet. An example mentioned in this respect is the simplification of product purchasing procedures with self check-out points (as is the case in many American businesses) since the retailer's staff is not required to do this job and this helps in lowering the price of the product to the benefit of end consumers. Another essential issue is the current philosophy behind commercial activities, which answers the question as to why small shops have been closing down from the beginning of the crisis and up to present. According to some social representatives, some of these shops constituted to a certain extent activities complementary to other activities, which with the new changes they cannot maintain and for the most part base their sustainability on tax evasion and bank loans; liquidity is restricted due to the extended crisis, the wholesale chain is broken and there is an underlying price fixing system. For example, farmers are exclusively taxed in an imputed manner - size of land and not based on the size/number of produce. Thus, they can declare any price offered by the trader and not be taxed. At the same time, the fact that they are not taxed is directly associated with non issuance of vouchers by the parties with which they do business, as for example farming materials, equipment, etc. And thus, the shadow economy depletes resources from the official economy.

Lastly, the basic reasoning of some social representatives is that the stakeholders alone should maintain the Collective Employment Agreement as a true-blooded

procedure, free of political criteria and state interventions and where recourse to the Organisation for Mediation and Arbitration is deemed necessary, this must be independent from the restrictions imposed by decisions of other parties or sectors. An important element in this case is the acceptance that fair distribution of revenue in collective agreements means that a salary increase is the implied sum of productivity and inflation. And this because through productivity employees receive their share in the country's wealth increase and through inflation they retain the purchasing power of their income. Furthermore, from a systemic viewpoint, under the previous labour relations system, the state had opted that the cost of the welfare state would be borne by the social representatives (employers, employees). In the current phase, with the invalidation of labour relations, the state, inter alia, systemically drives the burden and cuts towards the side of employees. This means that in order to restore the financial balance in labour, social insurance and social benefits included in the labour relations, the state must record the necessary resources it will use so that the welfare state can cover these benefits either through a growth policy or through fair redistribution of revenue by fighting tax and contribution evasion.

During this current, long-lasting financial and economic crisis, the model that was applied in Greece until recently is being invalidated despite the fact that for example a private sector based on state dysfunctionalities continues to exist (see private schools, private clinics or private security companies) or that institutionalisation of tax evasion continues because of an obvious lack of political will. The painful invalidations of the Troika in Greece follow a general manual, which is wrong as the results have proven due to the targets and content of the policies, without taking into consideration at any stage the views and substantiated suggestions of employee and employer unions. The measures which are required immediately pertain to the withdrawal of labour and social insurance changes and fighting tax and contribution evasion. Also suggested is a significant increase of liquidity for businesses and activation of public expenditures and community resources for public investments, development and social infrastructures, under a plan for economic restructuring and growth of the Greek economy. The main objective of this alternative economic and social policy is that restoration of economic and financial indicators of the Greek economy will not come with austerity measures and cuts but with rational management of resources, growth, employment and redistribution of revenue.